

**MINISTRY OF ENVIRONMENT
FISH AND WILDLIFE DEVELOPMENT FUND**

FINANCIAL STATEMENTS

For the Year Ended March 31, 2013

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of Fish and Wildlife Development Fund, which comprise the statement of financial position as at March 31, 2013, and the statement of operations and accumulated surplus, the statement of changes in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

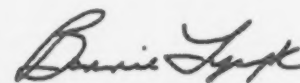
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Fish and Wildlife Development Fund as at March 31, 2013, and results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
July 4, 2013



Bonnie Lysyk, MBA, CA
Provincial Auditor

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	<u>2013</u>	<u>2012</u>
Financial assets:		
Due from General Revenue Fund (Note 4)	\$ 654,234	\$ 901,146
Due from General Revenue Fund - MHCF (Note 6)	2,075,498	2,053,137
Accounts receivable (Note 5 & 9)	178,303	174,842
Inventories for resale	6,512	10,787
Total financial assets	<u>2,914,547</u>	<u>3,139,912</u>
Liabilities:		
Accounts payable and accrued liabilities	313,346	532,610
Payable for land purchases (Note 13)	-	220,329
Unearned revenue	64,011	12,891
Total liabilities	<u>377,357</u>	<u>765,830</u>
Net financial assets (Statement 3)	<u>2,537,190</u>	<u>2,374,082</u>
Non-financial assets:		
Tangible capital assets (Note 7)	19,813,971	19,300,228
Total non-financial assets	<u>19,813,971</u>	<u>19,300,228</u>
Accumulated surplus (Statement 2)	<u>22,351,161</u>	<u>21,674,310</u>
Commitments (Note 8)		

See accompanying notes to financial statements.

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF OPERATIONS & ACCUMULATED SURPLUS
For the Year Ended March 31

	2013		2012
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 10)		
Revenues:			
Transfers from General Revenue Fund			
Sale of licenses (Note 5)	\$ 3,804,000	\$ 3,842,123	\$ 3,671,408
Field permits and leases	130,000	146,867	141,381
Interest	35,000	27,474	27,415
Other revenue	15,000	80,016	60,947
	<u>3,984,000</u>	<u>4,096,480</u>	<u>3,901,151</u>
Expenses: (Schedule 1)			
Fish enhancement projects	1,595,000	1,579,306	1,771,878
Wildlife habitat projects	1,454,000	1,609,206	1,849,121
Municipal habitat projects	250,000	231,117	228,312
	<u>3,299,000</u>	<u>3,419,629</u>	<u>3,849,311</u>
 Annual surplus (Statement 3)	 \$ <u>685,000</u>	 \$ <u>676,851</u>	 \$ <u>51,840</u>
Accumulated surplus, beginning of year		<u>21,674,310</u>	<u>21,622,470</u>
Accumulated surplus, end of year (Statement 1)		<u>\$ 22,351,161</u>	<u>\$ 21,674,310</u>

See accompanying notes to financial statements.

Statement 3

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31

	<u>2013</u>	<u>2012</u>
	<u>Total</u>	<u>Total</u>
Annual surplus (Statement 2)	\$ 676,851	\$ 51,840
Net increase in tangible capital assets	(533,610)	(372,926)
Amortization of tangible capital assets	<u>19,867</u>	<u>19,867</u>
Increase (decrease) in net financial assets	163,108	(301,219)
Net financial assets, beginning of year	2,374,082	2,675,301
Net financial assets, end of year (Statement 1)	<u>\$ 2,537,190</u>	<u>\$ 2,374,082</u>

See accompanying notes to financial statements.

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	<u>2013</u>	<u>2012</u>
Cash flows from (used in) operating activities:		
Receipts from General Revenue Fund	\$ 3,834,894	\$ 3,650,994
Receipts from sales of field permits, leases, and other	229,588	255,706
Interest received	28,537	27,691
Grant payments	(1,882,811)	(2,013,323)
Payments to municipalities	(219,401)	(228,312)
Payments to suppliers and employees	<u>(1,461,419)</u>	<u>(1,484,661)</u>
	<u>529,388</u>	<u>208,095</u>
Cash flows (used in) capital activities:		
Purchase of tangible capital assets	<u>(753,939)</u>	<u>(316,348)</u>
Net decrease in cash	<u>(224,551)</u>	<u>(108,253)</u>
Due from General Revenue Fund, beginning of year	<u>2,954,283</u>	<u>3,062,536</u>
Due from General Revenue Fund, end of year	<u>\$ 2,729,732</u>	<u>\$ 2,954,283</u>

See accompanying notes to financial statements.

**FISH AND WILDLIFE DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2013**

1. Purpose of the Fund

The Fish and Wildlife Development Fund (Fund) operates under the authority of Section 20 of *The Natural Resources Act*. The Fund was established for the purposes of preventing the reduction of wildlife habitat and wildlife population in the agricultural area of the province and for fish enhancement projects intended to prevent the loss of fish or fish habitat. The Ministry of Environment administers the Fund.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Fund is classified as a government not for profit organization. These financial statements are prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

a) Revenue Recognition

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Government transfers are recognized as revenue in the year the transfer is authorized and any eligibility criteria are met. Field permit and lease revenue is recognized when the permit is issued or the lease payment is due.

b) Grant Expenses

Grants are expensed when authorized and the recipients have met the eligibility criteria.

c) Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Amortization commences in the year of acquisition and is provided on a straight-line basis over the asset's estimated useful life. Leasehold improvements are being amortized over an 8 year expected life; equipment and vehicles are being amortized over a 10-20 year expected life. It is assumed that these assets will have no residual value at the end of their expected life.

Purchased land is recorded at cost. Donated land is recorded at a fair value but when fair value cannot be reasonably determined, it is recorded at nominal value at the date of contribution as a direct increase in net assets.

The Fund made agreements with other conservation agencies for the joint acquisition of land for wildlife related purposes. The Fund records jointly owned land at cost as determined by the land purchase agreement.

d) Inventories

Resale inventory consists of wildlife manuals that are valued at the lower of cost and net realizable value.

e) Use of Estimates

These statements are prepared in conformity with Canadian Public Sector Accounting Standards. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Estimates are required to determine the amortization of equipment and building improvements, accounts payable and accrued liabilities, sales of licences and allowance for expected uncollectible accounts receivable. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

f) Financial Instruments

The Fund's financial instruments include due from General Revenue Fund, accounts receivable, accounts payable and accrued liabilities and payable for land purchases. The carrying amount of these instruments approximate fair value due to their immediate or short-term maturity.

3. Changes in Accounting Policies

The Fund adopted Canadian public sector accounting standards PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3410 Government Transfers and PS 3450 Financial Instruments during the year. The adoption of these standards had no significant impact on the Fund's financial results.

4. Due from the General Revenue Fund

This is due from the General Revenue Fund (GRF). The Fund's money is on deposit with the GRF and in a bank account included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. The Fund's earned interest is calculated and paid by the GRF on a quarterly basis to the Fund using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The Government's average thirty-day borrowing rate for 2013 is 1.09% (2012 - 1.05%).

5. Revenue - General Revenue Fund

The Fund receives an annual transfer from the GRF, as established by Order in Council 526/95, equivalent to 30% of certain hunting and fishing licence fees collected by the ministry. A receivable is recorded for the portion of the licences issued before the year-end for which fees have not yet been received. Included in accounts receivable at March 31, 2013 is \$145,853 (2012 - \$138,625) receivable from the GRF related to these licenses of which \$ 42,315 is an estimate recorded for licence fees not reported by vendors.

The Fund has interest receivable of \$6,954 (2012 - \$8,016) from the General Revenue Fund, and a \$12,270 (2012 - \$11,590) receivable for leases and permits.

6. Municipal Habitat Conservation Fund (MHCF)

The Municipal Habitat Conservation Fund was a \$2,000,000 fund established to compensate rural municipalities for taxes foregone on lands acquired by the Fund for wildlife habitat conservation purposes. These internally restricted funds are held by the General Revenue Fund and the interest earned on the \$2,000,000 is unrestricted and is used to assist in paying rural municipalities grants in lieu of taxes on the Fund's lands located within their boundaries.

7. Tangible Capital Assets

	Land	Land - joint ownership	Leasehold Improvements	Equipment, Vehicles and Computer Software	Total 2013	Total 2012
Opening Net Book Value	14,551,188	4,632,950	58,296	57,794	19,300,228	18,947,169
Opening Cost	14,551,188	4,632,950	116,592	236,861	19,537,591	19,164,665
Additions	53,000	495,332	---	---	548,332	373,120
Disposals	(14,722)	---	---	---	(14,722)	(194)
Closing Cost	14,589,466	5,128,282	116,592	236,861	20,071,201	19,537,591
Opening Accumulated Amortization	---	---	58,296	179,067	237,363	217,496
Amortization	---	---	14,574	5,293	19,867	19,867
Closing Accumulated Amortization	---	---	72,870	184,360	257,230	237,363
Closing Net Book Value	14,589,466	5,128,282	43,722	52,501	19,813,971	19,300,228

8. Commitments

The Fund is committed to carry out certain wildlife habitat and fish enhancement projects totalling \$366,739 in 2013 and \$117,000 in 2014.

9. Financial Instrument Risks

The Fund is exposed to credit risk from the potential default of customers. However, the majority of the Fund's receivables are from other government agencies and reputable long-term corporate clients. Therefore, the credit risk is minimal. An Allowance for Doubtful Accounts is recorded for these accounts that are considered uncollectible. The Fund has recorded an Allowance for Doubtful Accounts of \$11,555 (2012 - \$11,555).

The Fund is subject to interest rate risk with respect to revenue. To manage these risks, the Fund regularly monitors market conditions and interest rate trends.

10. Budget

The Budget for the Fund is included with the ministry's budget submission to Treasury Board. Treasury Board approves the Fund's budget annually.

11. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, boards, and commissions under the common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly owns or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. These transactions are as follows:

	2013	2012
<u>Expenses:</u>		
Business expense	\$ ---	\$ 1,237
Supplies and materials	521	100
Grants	828,000	863,000
Central Vehicle Agency rentals	79,423	85,809
Utilities	67,180	74,736
Telephone	2,963	5,374

Included in accounts payable is \$16,281 (2012 - \$18,021) owing to related parties.

The Fund pays provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, financing, and certain administrative costs. These costs have been absorbed by various ministerial appropriations and, therefore, no provision for such costs is reflected in these financial statements.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes.

12. Grants

Wildlife Habitat Conservative Easements - The Fund made agreements with other conservation agencies for the purpose of securing wildlife habitat through the purchase of conservation easements. Under these agreements, the Fund contributes a portion of the costs to acquire these easements upon the registration of the easement with the relevant land titles office. The conservation agencies made separate agreements with landowners for the purchase of these easements. The Fund is not party to the agreements with the landowners for these conservation easements. Accordingly, the Fund has not recorded these costs as capital assets. The Fund's share of these costs for the year amounting to \$98,238 (2012 - \$135,544) have been expensed in the Statement of Operations & Accumulated Surplus.

Municipal Habitat Grants in Lieu of Taxes \$231,118 (2012 - \$228,312) were paid to rural municipalities in lieu of taxes previously received on the Fund's lands located within their boundaries.

13. Payable for Land Purchases

At March 31, 2013, the Fund owes a total of \$ 0 (2012 - \$220,329) for land purchases. A payable is set up when possession of the land takes place on or before March 31 and payment is made subsequent to year end.

14. Capital Disclosures

The Fund's objective in managing capital is to ensure sufficient liquidity to meet its monthly operating requirements and undertake program initiatives for the benefit of its stakeholders, while at the same time taking a conservative approach towards management of financial risk. The Fund's capital is comprised of its net assets. Internal restrictions exist within net assets to compensate rural municipalities for taxes foregone on lands acquired by the Fund. The Fund's primary use of capital is to finance capital expenditures, future projects, and ongoing operations. The Fund currently funds these requirements out of its internally generated cash flows. The Fund is not subject to any externally imposed capital requirements.

SCHEDULE OF EXPENSES
For the Year Ended March 31

	Fish Enhancement Projects		Wildlife Habitat Projects		Municipal Habitat Projects		2013 Total		2012 Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget (Note 10)	Actual	Budget	Actual
Salaries	\$ 675,000	\$ 678,672	\$ 355,000	\$ 343,829	\$ -	\$ -	\$ 1,030,000	\$ 1,022,501	\$ 922,000	\$ 1,015,690
Contractual services	55,000	45,440	193,000	205,173	-	-	248,000	250,613	155,000	251,371
Supplies and materials	60,000	60,566	7,000	11,982	-	-	67,000	72,548	55,000	53,105
Grants (Note 12)	590,000	613,664	879,000	1,035,989	250,000	231,117	1,719,000	1,880,770	2,275,000	2,330,473
Central Vehicle Agency Rentals	86,000	73,419	7,000	6,004	-	-	93,000	79,423	70,000	85,809
Travel expenses	24,000	16,826	9,000	1,954	-	-	33,000	18,780	30,000	22,682
Utilities	75,000	67,180	-	-	-	-	75,000	67,180	70,000	74,736
Amortization	21,000	19,867	1,000	-	-	-	22,000	19,867	16,000	19,867
Telephone	9,000	3,672	3,000	-	-	-	12,000	3,672	13,000	6,290
Communications	-	-	-	-	-	-	-	-	-	75
Other	-	-	-	4,275	-	-	-	4,275	-	(10,787)
TOTAL	\$ 1,595,000	\$ 1,579,306	\$ 1,454,000	\$ 1,609,206	\$ 250,000	\$ 231,117	\$ 3,299,000	\$ 3,419,629	\$ 3,606,000	\$ 3,849,311